# Farmland Values


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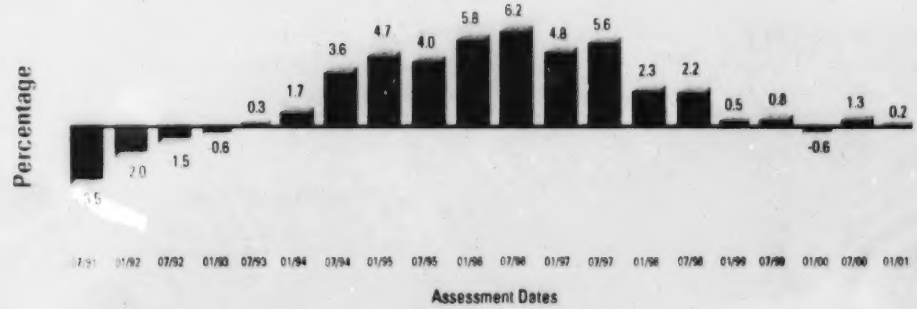
## National trends

For more than 40 years, Farm Credit Corporation (FCC) has been 100 per cent focused on helping Canadian agricultural producers succeed. Recognizing that market knowledge is key to success in the agricultural industry, FCC introduced the *Farmland Values* report. Unique to FCC, this report is the only source for comprehensive farmland values information across Canada. The *Farmland Values* report is produced semi-annually

For the period of July 1, 2000, to January 1, 2001, farmland values across Canada remained stable or increased with the exception of Saskatchewan and Manitoba, where values decreased slightly. Nationally, values increased by only 0.2 per cent in this reporting period, compared to an increase of 1 3 per cent between January 1 and July 1, 2000.

**Canada**

*Semi-annual % change in farmland values*



## Methodology

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## Provincial trends

Many provinces continued to see modest growth in farmland values. Quebec saw the sharpest increase with a gain of 5.2 per cent at January 1, down slightly from the 6.1 per cent recorded in the previous six-month period. Land values continued their steady climb in New Brunswick, with growth measured at 4.4 per cent for the current reporting period, comparable to the 4.3 per cent increase reported in July 2000. British Columbia and Newfoundland also showed strong growth with increases of 3.7 and 3.6 per cent respectively, up from the previous period's results of 0.7 per cent in British Columbia and flat values in Newfoundland.

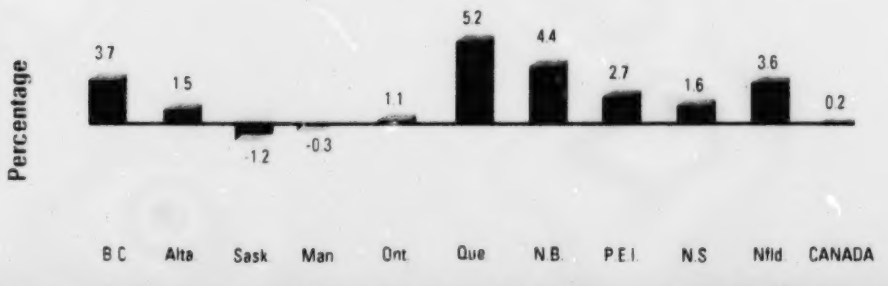
Prince Edward Island reported an increase in farmland values of 2.7 per cent, compared to the stable prices reported in July 2000. Values in Nova Scotia increased by 1.6 per cent compared to the previous period increase of 0.9 per cent. Alberta and Ontario showed slower growth with increases of 1.5 and 1.1 per cent respectively, down from 2.8 and 7.3 per cent increases recorded in the previous report.

Land values in Saskatchewan continued to decrease, by 1.2 per cent compared to the decrease of 1.0 per cent recorded in July 2000. Manitoba also experienced a slight decrease of 0.3 per cent, offsetting the 0.9 per cent increase reported in the previous six months.

**Provincial comparison of farmland values**

*Semi-annual % change in farmland values*

*July 1, 2000 to January 1, 2001*



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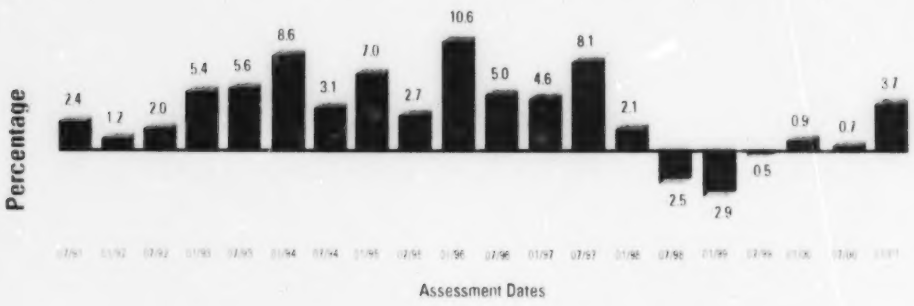
## British Columbia

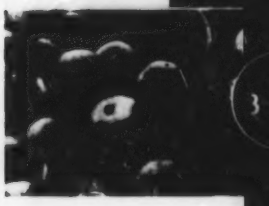
*Semi-annual % change in farmland values*




In the Lower Mainland, demand for small acreage raspberry farms is stable and land suitable for blueberry production continues to increase in value. Cropland in the eastern Fraser Valley is seeing good trading volumes and stable prices.

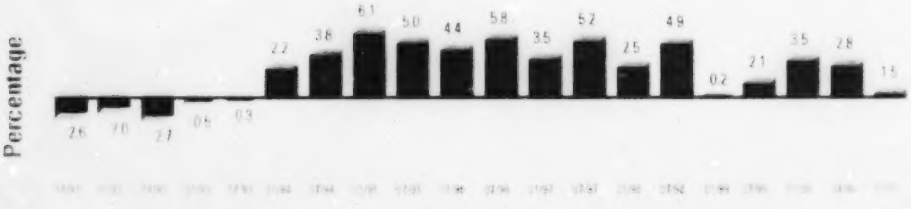
Land suitable for grape production continues to be in demand and is commanding significantly higher prices than land for orchards, whose market is slow and values relatively unchanged. The land market in the Northern Interior is also quite slow with no overall change in values reported.

In the British Columbia Peace River area, land values are generally stable with some slight increases. Strong cattle and fescue seed prices combined with good off-farm income from the oil and gas sector seem to be influencing prices in this area.



## Alberta

*Semi-annual % change in farmland values*

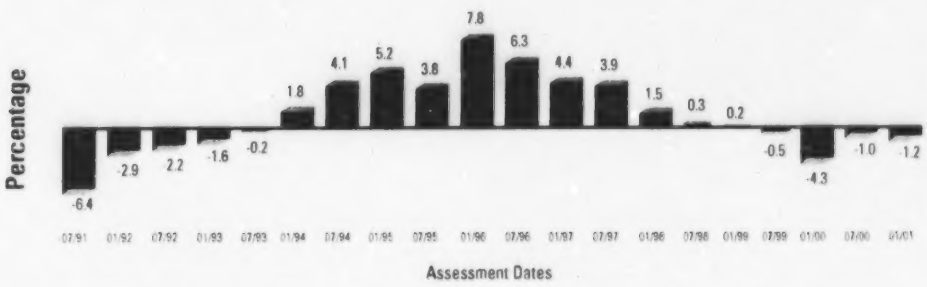



Markets appear to have stabilized in southern Alberta after strong gains in the past few years. Low grain prices, coupled with higher input costs (fuel, fertilizer, chemicals and utilities), have led to reduced optimism. This is reflected by a decrease in land sales volume and increases in both the number of listings and the time for which land is listed.

The market value of land in Northern Alberta is generally stable with a few areas showing small increases. As in the south, low commodity prices in the grain and oilseed sector combined with higher input costs are a concern. Strong beef prices are generating demand for land for forage and pasture, while areas with off farm employment continue to experience strong demand.

## Saskatchewan

*Semi-annual % change in farmland values*

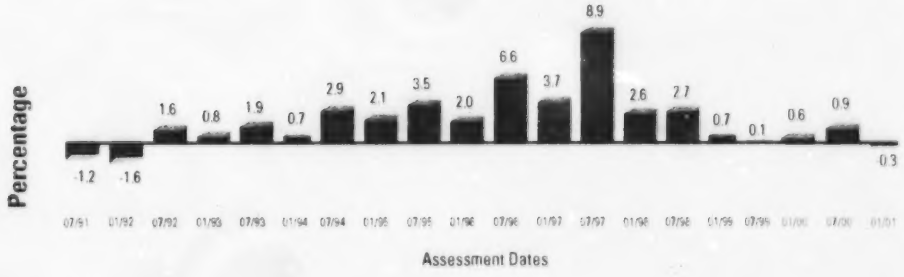



Values for land suitable for grain production are generally stable or slightly lower that those reported in the previous six-month period. A significant amount of land is available on the market. Vendors are generally unwilling to reduce prices in order to sell. Purchasers are reluctant to buy given the low commodity prices and significantly higher input costs. There appears to be a wait-and-see approach to the market at this time.

Some purchasers are relocating from outside the province to Saskatchewan because they can purchase a larger land base for the same dollar value. This has helped maintain overall land prices. There is also a strong demand for land suitable for forage and pasture.

## Manitoba

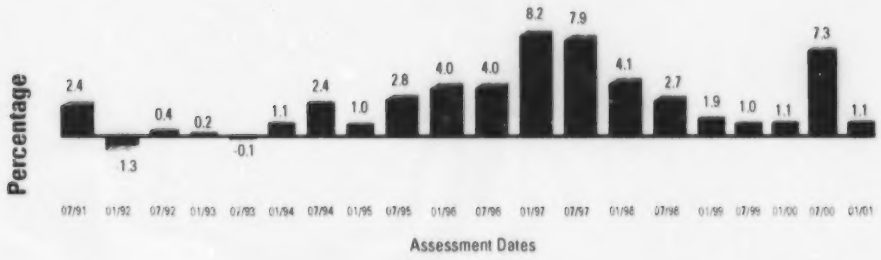
*Semi-annual % change in farmland values*




The province of Manitoba has seen very little change in overall land values over the last two years. Over the past six months, the majority of farmland values in the province have remained stable, although some areas have experienced minor increases or decreases. Where there is livestock expansion, there is a continued strong demand for cultivated and pasture land. Areas with special crop production and land close to an irrigation source and suitable for potato production are also experiencing strong demand. The price of farmland in grain producing areas is generally flat and sales of land in these areas have slowed.

## Ontario

*Semi-annual % change in farmland values*

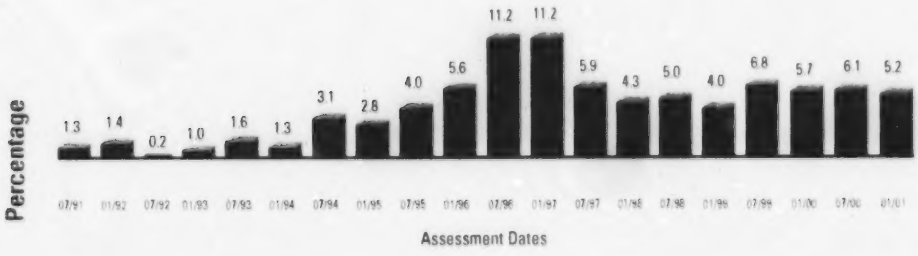



Changes in land values across this province were again varied. The eastern sector of the province showed little change except for some purchases by dairy producers in south Russell. Northern Ontario saw stronger demand, particularly from producers with significant off-farm income in the Manitoulin region and from dairy farmers needing to increase forage production in the Thunder Bay area.

Counties in mid-western Ontario saw some softening in the real estate market, driven in part by a late planting period, a cooler growing season and weak grain prices. With the exception of increased demand for lighter soils suitable for vegetable production in the extreme southwest, it seemed to be a wait-and-see market. No evidence of decreasing prices has yet been found.

## Quebec

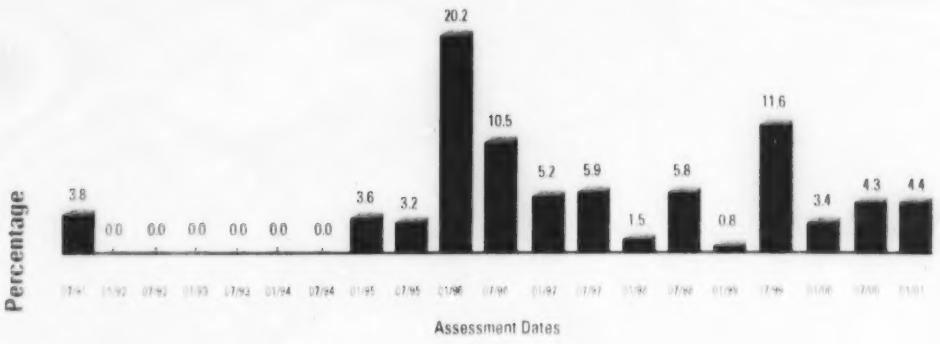
*Semi-annual % change in farmland values*




The increase of 5.2 per cent recorded at January 1, 2001, is slightly lower than the average increase of 5.4 per cent experienced in the seven previous reporting periods. These steady increases are due in part to the nature of agricultural production in Quebec. Demand for land for nutrient management has also contributed to the positive trend in land values.

## New Brunswick

*Semi-annual % change in farmland values*

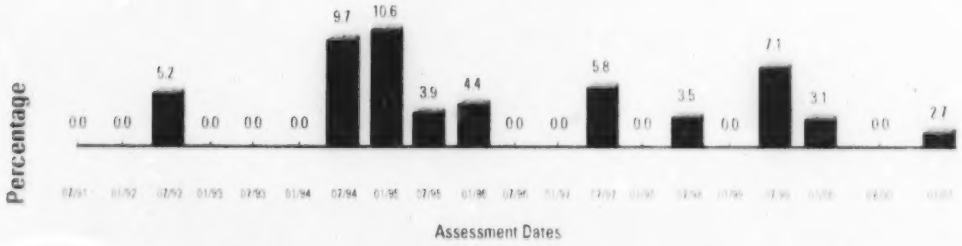



Land values continued to increase in the central and northern regions of the St. John River valley. Here, increased production of potatoes is affecting the demand for land, both for expansion and for rotation within an existing operation. In the southcentral portion of the province, where production consists primarily of dairy enterprises, land values also increased during the monitoring period, driven by the desire of producers to expand for diversification and feed production.



## Prince Edward Island

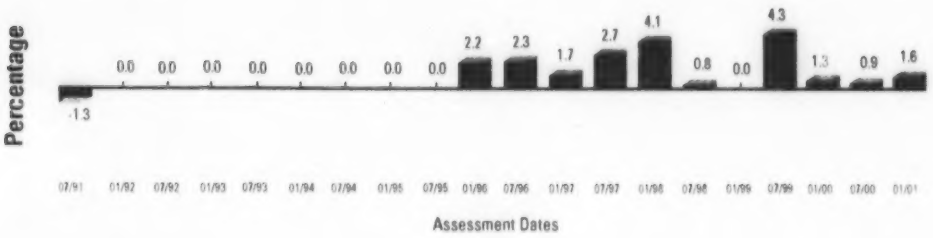
*Semi-annual % change in farmland values*




After a period of stability, land values in Prince Edward Island once again inched upwards, driven by expansion and rotation requirements in the potato industry. Values in the western section of the province increased while values elsewhere remained stable. It is not yet known what impact current export limitations will have on revenues in the potato sector and, subsequently, on demand for land.

## Nova Scotia

*Semi-annual % change in farmland values*




During the assessment period, overall land values in the province increased moderately. The Annapolis Valley saw the only increase due in part to consolidation by larger operators and the desire to acquire larger land bases in order to maximize equipment investments over more acres. Values in the Antigonish area and in the central section of the province remained stable. It appears that the supply of land in these areas meets the demand, resulting in little upward pressure on prices.

## Newfoundland

*Semi-annual % change in farmland values*

Land values have increased over the current six-month period. This is likely due to stronger demand by dairy producers for land suitable for forage. This phenomenon was most evident in the western portion of the province. However, the limited activity in the agricultural real estate market makes it difficult to analyze this trend.

**Questions regarding farmland values can be directed to:**

Atlantic Region:
Maurice Chassé (bilingual)
(506) 851-3366

Quebec:
Michel Rousseau (bilingual)
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Ontario:
Tom Nolan (bilingual)
(519) 826-2033

Western Canada:
Roy Hjelte
(306) 780-3489

Adrienne Gagnon (bilingual)
(306) 780-7997

**We welcome your feedback!**

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# FALL

# AUTOMNE

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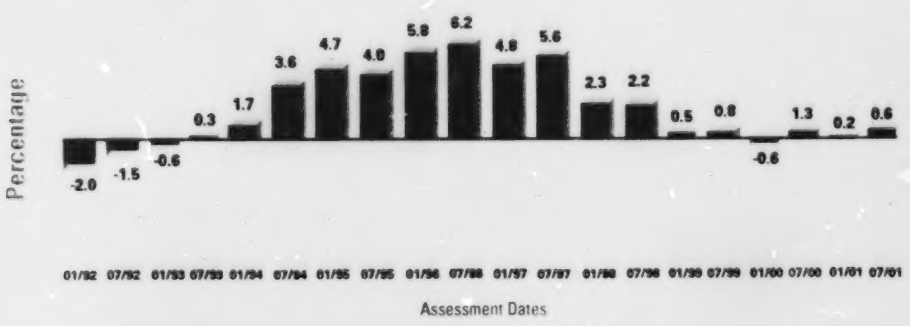
With the exception of Saskatchewan and Nova Scotia, farmland values remained stable or experienced stable growth in all provinces. National farmland values increased in the first half of 2001 for a third consecutive six month period. From January 1 to July 1, 2001, land values across Canada increased by 0.6 per cent, compared to a 0.2 per cent rise in the last half of 2000.

**Canada**

*Semi-annual % change in farmland values*



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## Provincial trends

The majority of provinces continued to experience stable growth in farmland values. Quebec saw the greatest gain, at 5.0 per cent as of July 1, marking the third consecutive period of strong growth. In the last half of 2000, land values in the province increased by 5.2 per cent. In Alberta, land values climbed to 2.6 per cent for the current reporting period, moderately higher than the 1.5 per cent increase in January 2001. Ontario continued its steady climb with growth measured at 1.6 per cent for the first half of 2001, comparable to the 1.1 per cent increase reported in the last six-month period.

Land values in Saskatchewan continued to decrease slightly, by 1.1 per cent compared to 1.2 per cent in the last half of 2000. Values in Manitoba increased by 0.1 per cent compared to the 0.3 decline reported in January 2001.

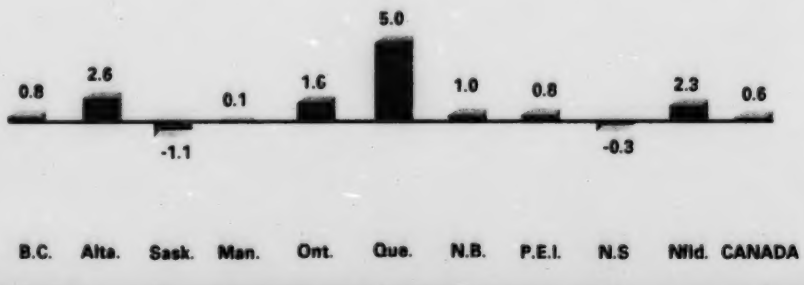
In the Atlantic region, New Brunswick and Prince Edward Island both showed small increases of 1.0 and 0.8 per cent respectively-a slowdown for both provinces over the previous period's results of 4.4 per cent in New Brunswick and 2.7 per cent in Prince Edward Island. Even with an increase of 2.3 per cent, Newfoundland witnessed a slowdown in its land values, which had moved up 3.6 per cent six months ago. Nova Scotia also experienced a slight decrease of 0.3 per cent, offsetting the 1.6 per cent increase reported in the previous six months.

British Columbia showed slower growth with an increase in farmland values of 0.8 per cent, down from the 3.7 per cent boost reported in January 2001.

**Provincial comparison of farmland values**

*Semi-annual % change in farmland values*

*January 1, 2001 to July 1, 2001*



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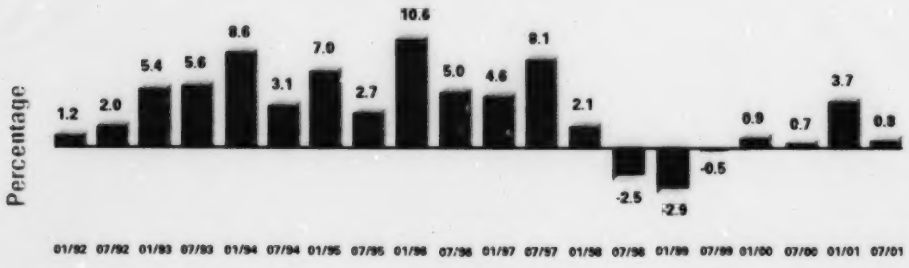
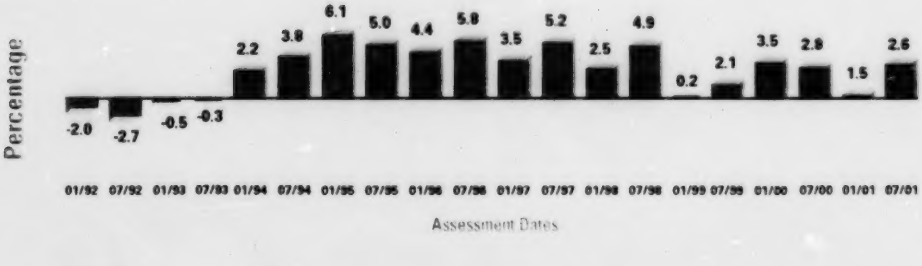



Although the market in the Lower B.C. Mainland was active in the first half of 2001, land values remained stable. The Okanagan region experienced a moderate volume of trading at relatively stable prices. There was a slight increase in farmland values in the interior. A few recent ranch sales indicate a continued and solid demand for medium to larger-sized farms. The demand continues despite the effects of the forestry sector slump on many ranchers' supplementary logging income. In the British Columbia Peace River area, strong off-farm income from the oil and gas sector contributed to the considerable increase in land values. This was mostly evident in smaller parcels of land but also appeared to influence a slight increase in larger full scale ranch properties.

## Alberta

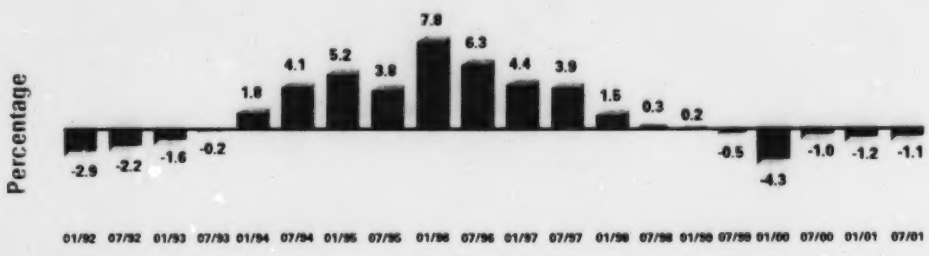
*Semi-annual % change in farmland values*




Land prices in Alberta continued to edge upward due to strong beef prices, expansion of established farm operations and the influence of a strong provincial economy. Drought conditions in parts of central and southern Alberta resulted in a strong demand for forage and pasture land. As well, irrigated land suitable for feed production and special crops such as potatoes increased in value. Grain producing areas saw generally stable farmland values due to low grain prices and greater input costs. In northern Alberta, purchasers searching for land particularly suited to beef operations pushed land values slightly upwards.

## Saskatchewan

*Semi-annual % change in farmland values*

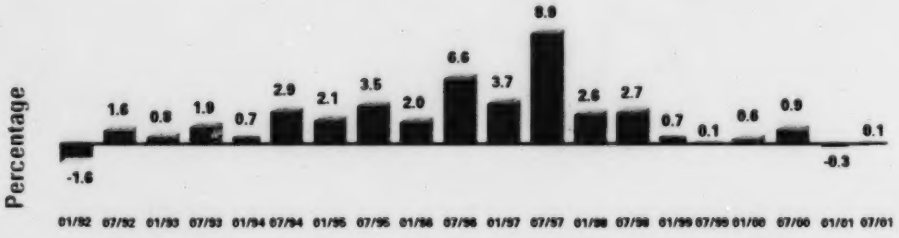



Saskatchewan farmland values showed a slight decrease for the fifth period in a row. Low commodity prices in cereal grains and oilseeds and increased input costs continued to put pressure on farmland values. There appeared to be ample property for sale but a reluctance by vendors to accept a reduced price. However, some larger units were purchased at close to listing prices. Property suited for livestock was in good demand and sold at higher prices.

Dry conditions were evident in some areas of the province. The impact, if any, of potentially lower crop yields will be seen in the next six-month reporting period.

## Manitoba

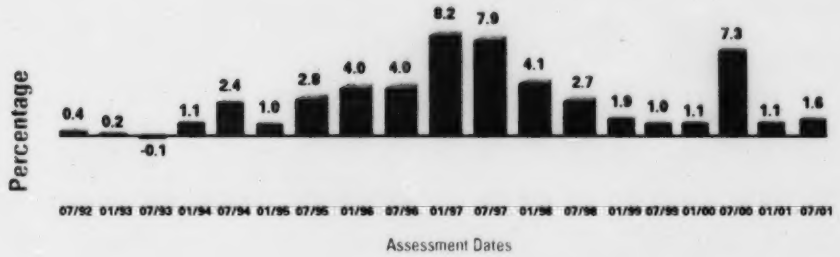
*Semi-annual % change in farmland values*




On a province-wide basis, land values did not see significant changes in the last six months. As in previous years, strong demand continued in areas with intensive livestock operations and crop production, such as potatoes. Land in traditional crop production areas remained mostly stable with some pressure on values due to low commodity prices. In spite of this, there was a reluctance to sell at lower prices.

## Ontario

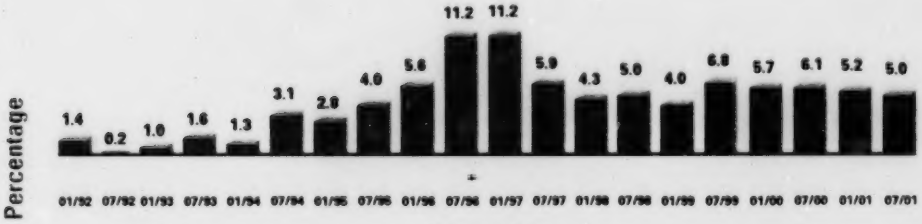
*Semi-annual % change in farmland values*




Land values saw little change in the first half of 2001 for most parts of Ontario. Continued low grain prices restricted expansion in the cash crop sector, primarily in southwestern Ontario. Land values in Middlesex, Elgin, Waterloo, and Wellington continued to increase which follows the trend established in Oxford and South Perth. However, the restrictions on visiting Canadian farms due to foot and mouth disease outbreaks in Britain and the Netherlands may have discouraged European immigrants from purchasing land in Ontario. Land values across the rest of the province showed no significant changes.

## Quebec

*Semi-annual % change in farmland values*

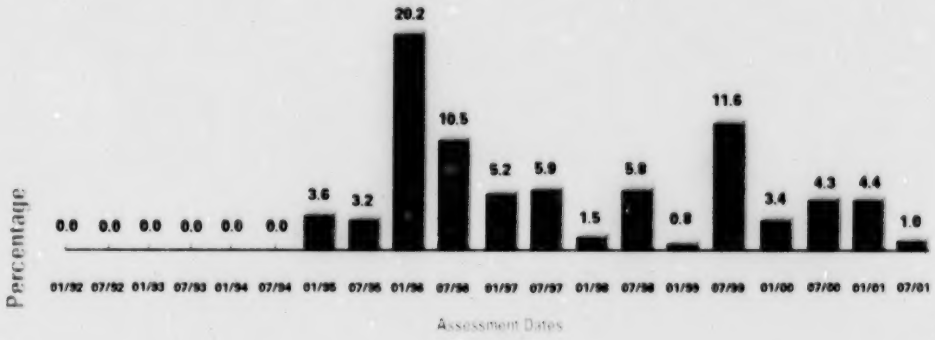



The price of land in Quebec increased over the last six months. Livestock producers, purchasing land to comply with new environmental standards, have sustained demand for land.

In contrast, land purchases by vegetable producers slowed down. Lower average yield coupled with lower prices than in the previous year led to decreased cash flow for these producers. However, despite cash-flow problems, vegetable producers wanting to buy land must compete with the high purchase prices offered by livestock producers.

## New Brunswick

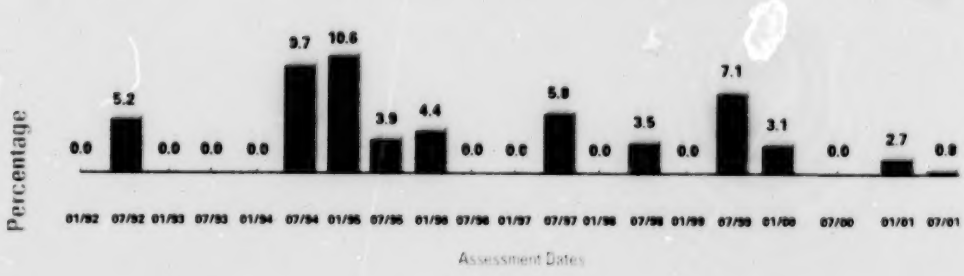
*Semi-annual % change in farmland values*




Land values were generally unchanged over the past six months in the major potato growing sectors of the province. There were some isolated incidents of potato growers bidding up strategically located parcels, either for rotation needs or to improve economies of scale. This explains why, in some parts of the province, land values have gone up. In the Kings County (Sussex) area, land values increased, driven primarily by stable incomes from the dairy sector.

## Prince Edward Island

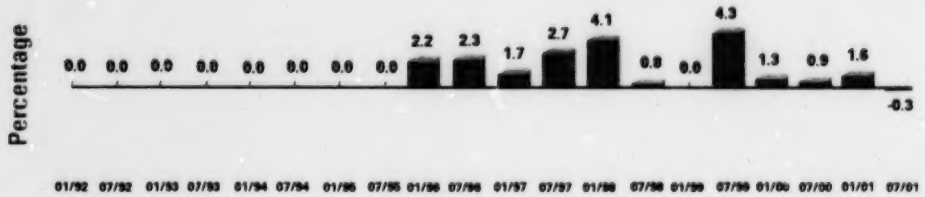
*Semi-annual % change in farmland values*




The potato export restrictions that ended in April affected land values in this province. The western region of the province showed a slight increase (less than two per cent) while the balance indicated no change. The marketplace continued to be active with a good volume of sales providing a solid base for values. However, the slight upward movement indicates a healthy balance between the supply and demand.

## Nova Scotia

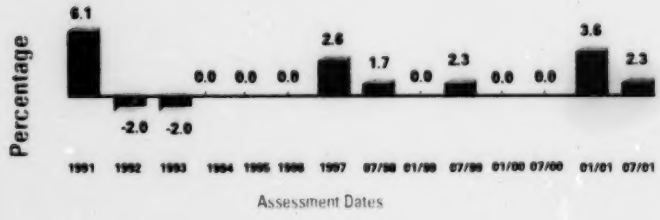
*Semi-annual % change in farmland values*




Land value changes were mixed in this province. This varied marketplace is difficult to interpret, but many factors, such as limited market activity, fewer sales, location of sold parcels and quality of soil can explain some of the disparities. The Annapolis Valley region showed land values as unchanged while values were slightly reduced in the eastern section of the province. Stronger values were detected in Hants County, the central portion of Nova Scotia. Both of these regions have farm economies based primarily on dairy production, with somewhat more intensive operations located in the central sector.

## Newfoundland

*Semi-annual % change in farmland values*




Land values within this province reflected a stable, unchanged market in the eastern section - the Avalon Peninsula. Land values in the western or Deer Lake section increased slightly, driven by demand for land for forage production. Dairy producers were the major purchasers of land, reflecting the benefits of a stable income from a supply-managed commodity.

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Canada